

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN

INFO AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L STATE 121119

LIMDIS

E.O. 11652: GDS

TAGS: ETRN, BB

SUBJECT: CIVAIR - GOB ROUTE RESTRICTIONS

REF: BRIDGETOWN 948

FOR THE AMBASSADOR

1. GOB SUMMARY NOTE PRESENTS US WITH MOST SERIOUS PROBLEM. THERE IS NO SUPPORT FOR INCLUDING BAHAMAS ON A BARBADOS ROUTE TO WASHINGTON, EVEN IF THIS MEANS TERMINATION SOME (OR PERHAPS ALL) US SERVICES TO BARBADOS. ALSO WHILE VALUE OF RIGHTS GOB ASSERTS IT WILL TERMINATE DO NOT COMPARE WITH RIGHTS WE WOULD RETAIN, THEIR TERMINATION PRESENTS OTHER SERIOUS PROBLEMS TO US INVOLVING DELICATE NEGOTIATIONS BETWEEN
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US AIRLINES. IN ORDER GET OUR MESSAGE ACROSS, BELIEVE IT WOULD BE MOST VALUABLE IF YOU COULD SEE PM BARROW PERSONALLY TO DISCUSS THE PROBLEM WITH HIM. END SUMMARY.

2. WHILE VARIETY MOTIVES ARE POSSIBLE, IT APPEARS GOB HAS DECIDED TO TAKE DIRECT ACTION IN ORDER ATTEMPT FORCE US TO CONCEDE ON AVIATION FRONT. WE KNOW FROM INFORMAL COMMENTS MADE BY ARCHER DURING LAST NEGOTIATING ROUND IN MAY THAT GOB HAS NOT YET MADE DEAL WITH INTERNATIONAL CARIBBEAN AIRWAYS (READ FREDDIE LAKER) FOR SUBSTANTIAL

OWNERSHIP AND CONTROL BY BARBADOS, APPARENTLY BECAUSE LAKER WILL NOT ACCEPT BARBADOS TERMS. GOB MAY HAVE CONCLUDED THAT, IF IT CAN FORCE US GRANT SOME ROUTE, IT WILL HAVE SOMETHING TANGIBLE TO OFFER LAKER. WHATEVER GOB'S MOTIVES, HOWEVER, ITS TACTIC CANNOT WORK BECAUSE USG CANNOT GRANT INTERIM ROUTE EXACTLY AS GOB WANTS IT, REGARDLESS OF ARGUMENTS THAT EXCHANGE MAY BE INEQUITABLE.

3. US AUTHORITIES AND PAN AM ALSO CONCERNED OVER MAINTAINING "INTEGRITY" OF RIGHTS US NOW HAS IN ORDER NOT TO UNDERMINE CURRENT DISCUSSIONS BETWEEN PAN AM AND EASTERN WHICH MIGHT RESULT IN EASTERN ACQUIRING, INTER ALIA, PAN AM'S EASTERN CARIBBEAN ROUTES IN RETURN FOR PAN AM ACQUIRING SOME EASTERN AUTHORITY IN MEXICO. THESE DISCUSSIONS ARE HIGHLY CONFIDENTIAL AT THIS TIME AND THEIR EXISTENCE SHOULD BE CLOSELY HELD (INCLUDING BEING WITHHELD FROM LOCAL US AIRLINE REPS).

4. DEPARTMENT BELIEVES BEST TACTIC IS TO TRY TO EXPLAIN TO GOB THE POSSIBLE CONSEQUENCES OF ITS ACTION IN HOPE IT WILL REVERSE ITS POSITION, AT LEAST PENDING FURTHER NEGOTIATIONS. BARING OF SOUL, OF COURSE, RUNS RISK GOB MAY BECOME MORE DETERMINED THAN EVER, HAVING DISCOVERED WEAK SPOT IN US ARMOR. HOWEVER, AS THINGS NOW STAND, GOB NOTE DOES TERMINATE CERTAIN US RIGHTS EFFECTIVE JULY 1. IF WE CAN PERSUADE GOB THAT ITS TACTICS WILL NOT ACHIEVE ITS OBJECTIVES, PERHAPS IT WILL BACK DOWN OR AT LEAST DEFER ISSUE. TO MAKE US POINTS EFFECTIVELY AND IN VIEW SENSITIVITY OF CERTAIN CONFIDENTIAL

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INFORMATION, WE BELIEVE CANDID CONVERSATION WITH PM BARROW IS BEST WAY PROCEED. WE HAVE PREPARED AIDE MEMOIRE (PARA 5) AND SEVERAL ADDITIONAL TALKING POINTS (PARA 6). IF YOU ABLE SEE BARROW, SUGGEST YOU MAKE ALL POINTS ORALLY, PRINCIPALLY TO OBTAIN HIS REACTION AND TO ATTEMPT DETERMINE INFORMALLY WHETHER THERE ANY WAY HEAD OFF COLLISION. IF BARROW NOT AVAILABLE, SUGGEST AMBASSADOR OR DCM SEE PERMSEC EXTAFF FORDE, LEAVE WITH HIM THE AIDE MEMOIRE, AND MAKE SEPARATE ORAL POINTS PARA 6 BELOW. BECAUSE OF SENSITIVITY SOME OF ORAL POINTS, BELIEVE MEETING MUST BE WITH BARROW, FORDE, OR (IF ALL ELSE FAILS) ARCHER, SINCE OTHERS WILL NOT BE KNOWLEDGEABLE OR ABLE APPRECIATE ISSUES

INVOLVED.

5. TEXT OF AIDE MEMOIRE:

A. AS THE BARBADOS REPRESENTATIVES WERE INFORMED DURING THE NEGOTIATIONS HELD IN WASHINGTON FROM MAY 6-10, 1974, THE US IS PREPARED TO ACCORD AN INTERIM AIR ROUTE TO BARBADOS, WITHIN THE 1972 UNDERSTANDING, TO PERMIT AIR SERVICE FROM BARBADOS VIA ANTIGUA TO WASHINGTON (DULLES AIRPORT). THE US WOULD THEREFORE BE PREPARED TO AMEND THE 1972 UNDERSTANDING IN THE MANNER PROPOSED BY THE MINISTRY OF EXTERNAL AFFAIRS IN ITS NOTE OF MAY 30.

B. HOWEVER, THE US COULD NOT AGREE TO EFFECT THE FOREGOING AMENDMENT AT THE SAME TIME THAT THE GOB IS ASSERTING ITS INTENTION TO DELETE CERTAIN US AIR ROUTE AUTHORITY FROM THE UNDERSTANDING. IT IS RESPECTFULLY SUGGESTED THAT SUCH ACTION BY BARBADOS WOULD BE CONTRARY NOT ONLY TO THE SPIRIT BUT ALSO THE LETTER OF THE 1972 UNDERSTANDING IN THAT WITHDRAWAL OF ANY OR ALL OF THE US RIGHTS IS PREDICATED UPON FAILURE TO REACH A SATISFACTORY CONCLUSION OF NEGOTIATIONS FOR AN AIR TRANSPORT AGREEMENT WITHIN A REASONABLE TIME OF THEIR COMMENCEMENT. THE NEGOTIATIONS IN QUESTION HAVE NOT BEEN CONCLUDED; IN FACT THE TWO DELEGATIONS HAVE AGREED TO RESUME THE NEGOTIATIONS ON DECEMBER 2, 1974, OR AT SOME OTHER MUTUALLY CONVENIENT TIME.

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C. MOREOVER, THE WITHDRAWAL OF US RIGHTS, WHILE ULTIMATELY A SOVEREIGN PREROGATIVE OF THE GOVERNMENT OF BARBADOS, COULD NOT BUT BE VIEWED BY THE USG AS A MOST SERIOUS ACT WITH POSSIBLY UNFORTUNATE CONSEQUENCES FOR THE FUTURE OF INTERNATIONAL AIR TRANSPORT IN THE EASTERN CARIBBEAN. AS THE BARBADOS AUTHORITIES ARE UNDOUBTEDLY AWARE, THE SEVERAL COUNTRIES INVOLVED IN THIS SITUATION HAVE INTERESTS WHICH MAY CONFLICT IN THE SHORT TERM BUT WHICH SHOULD BE OF COMMON CONCERN IN THE LONG TERM. THE UNITED STATES HAS, OF COURSE, AN INTEREST IN HAVING ITS AIRLINES SERVE THE US-EASTERN CARIBBEAN MARKET ON A VIABLE BASIS, A TASK WHICH HAS BEEN AND REMAINS DIFFICULT FOR BOTH INTERNAL AND EXTERNAL REASONS AND WITH RESPECT TO WHICH THERE MAY BE IN THE FUTURE CHANGES IN THE US AIRLINE ROUTE STRUCTURE. THE GOVERNMENT OF BARBADOS ALSO HAS AN INTEREST IN PARTICIPATION BY ITS OWN AIRLINE IN THIS MARKET. THE GOVT HAS AN OPERATIONAL AIRLINE WHICH SERVES NOT ONLY THE T AND T MARKET BUT OTHER PARTS OF THE EASTERN CARIBBEAN AS WELL. IT HAS RECENTLY EXPRESSED TO THE USG ITS CONCERN OVER A NUMBER OF DEVELOPMENTS WHICH IT BELIEVES COULD ADVERSELY AFFECT ITS NATIONAL AIRLINE, INCLUDING THE POSSIBILITY

TAT THE USG MIGHT GRANT ROUTE RIGHTS TO BARBADOS. THE USG WAS OBLIGED TO POINT OUT THAT, WHILE IT CONTINUED TO BELIEVE THAT THE PREFERRABLE SOLUTION WAS THE FORMATION OF A REGIONAL EASTERN CARIBBEAN AIRLINE AND WHILE OFFERING TO PARTICIPATE IN DISCUSSIONS TO THIS END, IF INVITED BY THE COUNTRIES OF THE REGION, IT COULD NOT FOREGO NEGOTIATIONS WITH BARBADOS IF A REGIONAL AIRLINE WERE NOT IN EXISTENCE. NEVERTHELESS, SHOULD BARBADOS WITHDRAW US ROUTE RIGHTS, THE US WOULD BE PLACED IN THE POSITION OF HAVING TO CONSIDER WHAT STEPS IT MIGHT HAVE TO TAKE TO PROTECT ITS INTERESTS AND TO PREVENT OTHER AIRLINES FROM CAPTURING TRAFFIC WHICH SHOULD BE THE PRIMARY RIGHT OF US (AND BARBADOS) AIRLINES TO CARRY.

D. THE ACTION WHICH BARBADOS INTENDS TO TAKE COULD THUS LEAD TO A CHAIN REACTION, THE CONSEQUENCES OF WHICH CANNOT BE FULLY FORESEEN BUT WHICH COULD ADVERSELY
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AFFECT THE INTERESTS OF ALL THE COUNTRIES CONCERNED.

E. THE USG THEREFORE URGES THAT THE GOVERNMENT OF BARBADOS RECONSIDER THE ACTION WHICH IT CONTEMPLATES TAKING IN THE BROADER INTEREST OF AVOIDING AT THIS TIME THE CONSEQUENCES WHICH COULD OCCUR. THE PROCESS OF FINDING AIR TRANSPORT SOLUTIONS IN THE EASTERN CARIBBEAN WHICH ARE CONSISTENT WITH THE INTERESTS OF THE UNITED STATES AND OF THE VARIOUS GOVERNMENTS IN THE REGION IS A DIFFICULT ONE AND ONE WHICH SHOULD, IN THE US VIEW, BE ACHIEVED THROUGH CONSULTATION AND NEGOTIATION BASED ON MUTUAL RECOGNITION OF PROBLEMS OF ALL THE INTERESTED PARTIES. TO THIS END, THE USG CONTINUES READY TO RESUME BILATERAL CONSULTATIONS AND, IF INVITED, TO PARTICIPATE IN MULTILATERAL DISCUSSIONS ON THE VARIOUS MATTERS AT ISSUE.

6. PARTICULAR POINTS THAT SHOULD BE ELABORATED ORALLY ARE:

A. USG IS SIMPLY NOT ABLE TO GIVE BARBADOS ROUTE TO US POINTS VIA BAHAMAS. IN FACT, THERE IS STRONG OPPOSITION IN WASHINGTON TO GIVING ANY THIRD COUNTRY RIGHTS BETWEEN BAHAMAS AND US. IN EFFECT, THIS QUESTION IS NOT NEGOTIABLE, REGARDLESS OF ANY OTHER QUESTION OF BALANCE OR EQUITY.

B. WE RECOGNIZE, OF COURSE, THAT 1972 UNDERSTANDING IS AN INTERIM ARRANGEMENT AND THAT GOB ULTIMATELY HAS RIGHT TO WITHDRAW ANY OR ALL US RIGHTS IF IT BELIEVES NEGOTIATIONS, WHICH ARE NOW ONLY RECESSED, FAIL TO

REACH SATISFACTORY CONCLUSION. BUT WITHDRAWAL OF CERTAIN
US RIGHTS AT THIS TIME WILL ACCOMPLISH NOTHING FOR
BARBADOS.

C. SOME US AIRLINES, PARTICULARLY PAN AM, ARE IN
PARLOUS FINANCIAL SITUATION. US ADMINISTRATION GOING ALL
OUT TO TRY TO AVOID BANKRUPTCY AND IS NOT IN FAVOR
OF SUBSIDY. ONE AVENUE WHICH PAN AM HAS BEEN ENCOURAGED
PURSUE IS ROUTE SWAPS. AMERICAN-PAN AM ROUTE SWAP
AWAITS CAB APPROVAL. ON CONFIDENTIAL BASIS, I CAN TELL
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YOU THAT OTHER SWAPS INVOLVING EASTERN CARIBBEAN ARE
UNDER CURRENT CONSIDERATION. SUCH DEALS COULD FALL
APART IF AIRLINES CANNOT SWAP USABLE AUTHORITY. AS IN
AMERICAN AIRLINE SWAP, WHERE OTHER HALF OF DEAL
INVOLVED ROUTES IN SOUTH PACIFIC, OTHER POSSIBILITIES

MAY ALSO INVOLVE ROUTES IN AREAS OTHER THAN CARIBBEAN.
THUS, GOB WITHDRAWAL SOME RIGHTS COULD UPSET OTHER
ROUTE SWAP PROSPECTS AND HAVE CONSEQUENCES FOR US FAR
REMOVED FROM MATTERS OF CONCERN TO BARBADOS.

D. WE DO NOT WANT TO BE IN MIDDLE BETWEEN BARBADOS AND
TRINIDAD. DESPITE WILLIAMS OBJECTIONS, WE ARE PREPARED
TO GIVE ROUTES TO BARBADOS, BUT US PROBLEMS IN THIS
CONNECTION WILL SIMPLY BE COMPOUNDED IF BARBADOS, BY
ITS ACTION, LEAVES SOME OF MARKETS FREE FOR FURTHER
PARTICIPATION BY FIFTH FREEDOM AIRLINE SUCH AS BWIA.
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